

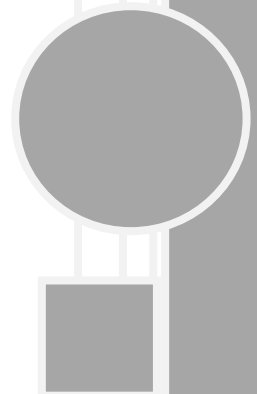


AUDIT REPORT

DALLAS COUNTY
COUNTY CLERK VITALS - FY 2022

Wessen B. Stefanos
First Assistant County Auditor

ISSUED: 3/4/2024
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County Clerk Vitals - FY 2022

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Honorable John Warren
County Clerk
Dallas, Texas

Attached is the County Auditor's final report entitled "**County Clerk Vitals - FY 2022**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Wessen Stefanos

Wessen Stefanos
First Assistant County Auditor

EXECUTIVE SUMMARY

A review of County Clerk Vitals for fiscal year 2022 revealed the following:

Summary of Significant Observations

- No significant observation

Repeat Observations from Previous Audits

- **Computer Receipt Voids, Adjustments, and Deposits:**
 - Non-supervisory employees processed receipt adjustments.
 - Transactions were voided the next business day.
 - Computer receipts adjusted to the correct receipt amount instead of voiding/re-issuing new receipts.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations.
- Safeguard and monitor the assets of the County utilizing sound fiscal policies.
- Assess risk and establish and administer adequate internal controls.
- Accurately record and report financial transactions of the County.
- Ensure accurate and timely processing of amounts due to County employees and vendors.
- Set an example of honesty, fairness and professionalism for Dallas County government.
- Provide services with integrity.
- Work in partnership with all departments to resolve all issues of the County.
- Strive to utilize the latest efficient and effective technology in the performance of tasks.
- Provide technical support and training in the development, implementation, and maintenance of information systems.
- Hold ourselves accountable to the citizens of the County at all times.
- Be responsive to the elected officials and department heads of Dallas County.

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2021 through September 30, 2022.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

**DETAILS****Computer Receipt Voids, Adjustments, and Deposits**

All monies received should be promptly receipted and deposited properly and timely in accordance with Local Government Code § 113.022.

Standard internal control procedures require receipts to be properly voided with a reason for the void recorded to the computer system and retention of all voided copies. All voids should be reviewed daily by supervisory personnel at least one level above employee that voided the payment. Processing of financial transactions should reflect proper segregation of duties. Adjustments to receipts should be made so that both good internal controls and audit trails are maintained.

A review of all 44 County Clerk Vitals voided computer receipts processed during fiscal year 2022 revealed:

- Eight voided computer receipts totaling \$434.09 had insufficient explanations noted.
- Five transactions totaling \$70 were voided the next business day.

A sample review of 15 out of 520 adjustments processed during fiscal year 2022 revealed:

- 13 computer receipt adjustments totaling \$531.15 were not performed by a supervisor; the same employee who entered the original transaction made the adjustment.
- Three computer receipt adjustments totaling \$53.03 had insufficient explanations noted.
- Six computer receipts totaling \$303.06 were adjusted to the correct receipt amounts instead of voiding and re-issuing new receipts.

A comparison of all computer receipt dates to deposit dates for transactions totaling \$1,479,457.16 during fiscal year 2022 revealed:

- 10 daily close-outs totaling \$58,161.30 were deposited with the Treasurer's Office between four and six business days after the initial transaction dates.

Inconsistent management oversight and incomplete controls over the voiding and adjustment processes resulted in delayed revenue recognition, incomplete financial records, and increased the potential that funds could be misappropriated.

Recommendation

Computer Receipt Voids, Adjustments and Deposits

Management should:



- Periodically review system reports and daily work for accuracy and staff compliance with established policies and procedures.
- Develop procedures and documentation incorporating controls such as the processing of voids and receipt corrections within 30 minutes and requiring supervisory review.
- Establish business process for entering consistent and detailed reasons for voids or adjustments.
- Have a designated back-up to process and submit deposits in a timely manner in the absence of the Deputy Clerk.

Management Action Plan

- Dual verification is in place to ensure all payments and transactions are accurate. When receipts are voided information detailing the reason for the void is entered in the system.
- When funds are verified throughout the day this will eliminate error and receipts voided after hours as the error would be verified early on during the day.
- All deputy clerks are instructed to enter the reason for receipt correction when modifications are made.
- When errors are identified on the daily settlement report management will reach out to the appropriate person(s) and ask that the matter be resolved expeditiously because the issue is affecting the deposit.

Auditor's Response

- None

Birth and Death Certificate Transactions

Standard internal control procedures require all certificate paper is accounted for and correctly entered on the security paper control log.

A sample review of five days during the fiscal year in which 187 birth certificate transactions processed on the Vanguard system were selected and compared to the Vitals Security Paper Log for fiscal year 2022 revealed:

- Seven transactions totaling \$161.21 had the incorrect receipt number entered on the Vitals Security Paper log.

A sample review of five days in which 25 death certificate transactions processed on the Vanguard system were selected and compared to the Vitals Security Paper Log for fiscal year 2022 revealed:



- One transaction totaling \$97 had the incorrect receipt number entered on the Vitals Security Paper log.

Lack of management oversight and clerical errors increased the potential for inaccurate department records.

Recommendation

Birth and Death Certificate Transactions

Management should:

- Periodically review Vitals Security Paper log to ensure order date, order (receipt) number, security number, file number, and document type are entered correctly.

Management Action Plan

- A division audit has been put in place to manage the security paper log to ensure that all numbers are captured correctly in the Vanguard system. Division audits are performed without notice to discover any mistakes that may occur.

Auditor's Response

- None

Financial Set Up

Standard internal control procedures require access to the receipting system should be disabled promptly for terminated employees, employees transferring to other Dallas County departments, and employees whose job duties no longer require access to the terminals.

A review of the system set-up in County-Wide Receipting (CWR) revealed:

- Two users no longer employed by County Clerk Vitals had active Inquiry, Cashier, and Supervisor roles assigned in CWR.

Status: Employees' access deactivated on June 23, 2023.

Limited management review of the user access list may increase the potential that funds could be misappropriated.

Recommendation

Financial Set Up

Management should:



- Periodically review user access to confirm timely deactivation for separated/transferred employees.
- Request user access for ex-employees or reassigned employees be disabled.
- Follow-up to ensure user access was disabled.

Management Action Plan

- Management now utilizes a check list to deactivate employees when they term from the division. Follow-up is also preformed periodically to ensure user access is disabled.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator